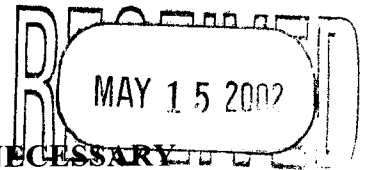


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION
COMMISSION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

Direct Mail Unit

P

SW-03575A
PALO VERDE UTILITIES COMPANY
426 N. 44TH STREET, STE. 100
PHOENIX AZ 85008-200

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN05	01
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1

PROCESSED BY:

5-16-02 am

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Palo Verde Utilities Company</u>		
Mailing Address <u>426 N. 44th St., Ste. 200</u>		
<u>Phoenix</u> (City)	<u>AZ</u> (State)	<u>85008</u> (Zip)
<u>602-914-2200</u> Telephone No. (Include Area Code)	<u>602-914-2101</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address <u>cliles@phxcapital.net</u>		
Local Office Mailing Address <u>(Same as above)</u>		
 (City)	 (State)	 (Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Cindy Liles</u>		<u>VP - CFO</u>	
 (Name)	 (Title)		
<u>426 N. 44th St., Ste. 200</u> (Street)	<u>Phoenix</u> (City)	<u>AZ</u> (State)	<u>85008</u> (Zip)
<u>602-914-2200</u> Telephone No. (Include Area Code)	<u>602-914-2101</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address <u>cliles@phxcapital.net</u>			
On Site Manager: <u>Edward Farrell</u>			
 (Name)			
<u>19680 N. John Wayne Pkwy</u> (Street)	<u>Maricopa</u> (City)	<u>AZ</u> (State)	<u>85239</u> (Zip)
<u>520-518-1235</u> Telephone No. (Include Area Code)	<u>520-568-4113</u> Fax No. (Include Area Code)	<u>520-518-1235</u> Pager/Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: FC Service Corporation
(Name)

3003 N. Central Ave., Ste. 2200, Phoenix, AZ 85012
(Street) (City) (State) (Zip)

602-916-5000 602-916-5566
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro, Fennemore Craig
(Name)

3003 N. Central Ave., Ste. 2600, Phoenix, AZ 85012
(Street) (City) (State) (Zip)

602-916-5366 602-916-5566
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input checked="" type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME PALO VERDE UTILITIES COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	0	0	0

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME PALO VERDE UTILITIES COMPANY

CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	0	0	0

This amount goes on Comparative Statement of Income and Expense Acct. 403

COMPANY NAME **PALO VERDE UTILITIES COMPANY**

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$ 30250
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$ 30250
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		2 459,988
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$	\$ 2 459,988
	TOTAL ASSETS	\$	\$ 2490238

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

COMPANY NAME

PALO VERDE UTILITIES COMPANY

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$	\$ 30000
253	Other Deferred Credits		250
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$ 30250
	TOTAL LIABILITIES	\$	\$ 30250
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Other Paid in Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		2459988
	TOTAL CAPITAL	\$	\$ 2459988
	TOTAL LIABILITIES AND CAPITAL	\$	\$ 2490238

COMPANY NAME

PALO VERDE UTILITIES COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
521	Flat Rate Revenues	\$	\$
522	Measured Revenues		
536	Other Wastewater Revenues		
	TOTAL REVENUES	\$	\$
	OPERATING EXPENSES		
701	Salaries and Wages	\$	\$
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power		
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		
731	Contractual Services – Professional		
735	Contractual Services – Testing		
736	Contractual Services – Other		
740	Rents		
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Taxes		
	TOTAL OPERATING EXPENSES	\$	\$
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXP	\$	\$
	NET INCOME/(LOSS)	\$	\$ -0-

COMPANY NAME

PALO VERDE UTILITIES COMPANY

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME Palo Verde Utilities Company

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Aerated lagoon with four aerators plus Facultative lagoon with two aerators plus CL ₂ contact chamber
DESIGN CAPACITY OF PLANT (Gallons Per Day)	300,000

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
Rancho El Dorado Parkway and Santa Rosa Wash	2	20	1400	5140
Wastewater Treatment Plant (Influent Lift Station)	2	35	1000	4710

FORCE MAINS

Size	Material	Length (Feet)
4-inch		N/A
6-inch		N/A
10-inch	PVC	3352
14-inch	PVC	2406

MANHOLES

Type	Quantity
Standard	160
Drop	1

CLEANOUTS

Quantity
4

COMPANY NAME PALO VERDE UTILITIES COMPANY

WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED

COLLECTION MAINS

Size (in inches)	Material	Length (in feet)
4		
6	PVC	115
8	PVC	26665
10	PVC 5802 DIP 290	6092
12	PVC 1355 DIP 20	1375
15	PVC	5180
18		
21		
24	HOPE 5804 DIP 20	5824
30		
27	HOPE	1679

SERVICES

Size (in inches)	Material	Quantity
4	PVC	908
6		
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	NONE
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	HYPO - CHLORINATOR
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	NONE
STRUCTURES (Buildings, Fences, Etc.)	CHAIN-LINK FENCE 2,450 L.F.
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	GENERATOR = 350 KVA, 480V, 4W GENERATOR : 80 KVA, 480V, 4W

COMPANY NAME

PALO VERDE UTILITIES COMPANY

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
01/01/01 - 12/31/01	0	0	0

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method Of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	N/A at this time
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	
Groundwater Permit Number	58-102952.0005
ADEQ Aquifer Protection Permit Number	103558
ADEQ Reuse Permit Number	
EPA NPDES Permit Number	

STATISTICAL INFORMATION

Total number of customers 0

Total number of gallons treated 0 gallons

COMPANY NAME Palo Verde Utilities Company YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0-</u>
Estimated or Actual Federal Tax Liability	<u>0-</u>

State Taxable Income Reported	<u>0-</u>
Estimated or Actual State Tax Liability	<u>0-</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0-</u>
Amount of Gross-Up Tax Collected	<u>0-</u>
Total Grossed-Up Contributions/Advances	<u>0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

N/A

SIGNATURE

DATE

PRINTED NAME

TITLE

COMPANY NAME Palo Verde Utilities Company YEAR ENDING 12/31/2001

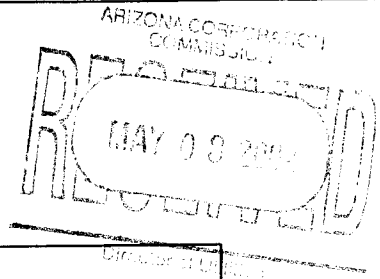
PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2001 was: \$ 0

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. During the year 2001, all property taxes
were paid by Pecan Valley Investments LLC. At the end of 2001,
Pecan Valley Investments LLC is the sole owner of Palo Verde Utilities
Company.

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) PINAL
NAME (OWNER OR OFFICIAL) TITLE CINDY LILES, CFO
COMPANY NAME PALO VERDE UTILITIES COMPANY

SW-03575A

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 0.00xx

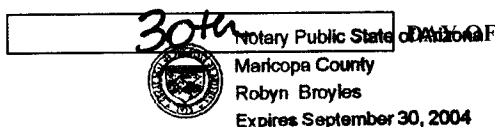
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0.00xx
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



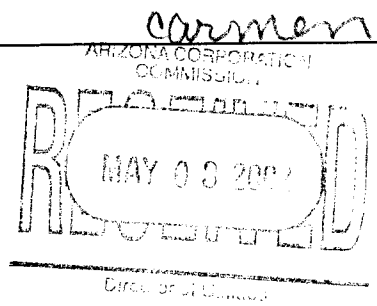
(SEAL)

MY COMMISSION EXPIRES

Cindy M. Liles
SIGNATURE OF OWNER OR OFFICIAL
602 914-2100
TELEPHONE NUMBER

COUNTY NAME	<u>Maricopa</u>
MONTH	<u>April</u> <u>20</u> <u>02</u>
<u>Robyn Broyles</u> SIGNATURE OF NOTARY PUBLIC	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>PINAL</u>		
NAME (OWNER OR OFFICIAL) <u>CINDY LIVES</u>	TITLE <u>CFO</u>	
COMPANY NAME <u>PALO VERDE UTILITIES COMPANY SW-03575A</u>		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2001</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>0.00xx</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0.00xx
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Cindy n. Lives
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

NOTARY PUBLIC NAME <u>Robyn Broyles</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	20 <u>02</u>

(SEAL)



Notary Public State of Arizona
Maricopa County
Robyn Broyles
Expires September 30, 2004

MY COMMISSION EXPIRES

X Robyn Broyles
SIGNATURE OF NOTARY PUBLIC

Encl'd 5-3-02 am